

COUNTY OF PLACER, CALIFORNIA

Single Audit Reports
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2009

**COUNTY OF PLACER, CALIFORNIA
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

	<i>Page(s)</i>
Schedule of Expenditures of Federal Awards.....	1-4
Notes to the Schedule of Expenditures of Federal Awards	5-9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	12-14
Schedule of Findings and Questioned Costs.....	15-19
Summary Schedule of Prior Audit Findings.....	20

COUNTY OF PLACER, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct:			
Rural Development, Forestry, and Communities	10.672	--	\$ 3,793,141
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program	10.551	--	16,065,657
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	1,685,257
Subtotal - Supplemental Nutrition Assistance Program Cluster			17,750,914
Passed through State Department of Education:			
National School Lunch Program	10.555	--	79,119
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02-25001 A04	841,468
Passed through State Department of Forestry and Fire Protection			
Cooperative Forestry Assistance	10.664	--	3,055
Passed through subtotal			18,674,556
Total U.S. Department of Agriculture			22,467,697
<u>U.S. Department of Commerce</u>			
Passed through State Department of Fish and Game:			
Habitat Conservation	11.463	--	236,093
<u>U.S. Department of Housing and Urban Development</u>			
Passed through County of Sacramento:			
Housing Opportunities for Persons with AIDS	14.241	--	38,861
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/Entitlement Grants	14.218	07-EDOC-3767	43,707
Community Development Block Grants/Entitlement Grants	14.218	07-PTAE-3462	7,752
Subtotal			51,459
Home Investment Partnerships Program	14.239	05-HOME-2123	155,694
Section 8 Housing Choice Vouchers	14.871	--	2,017,992
Passed through State Department of Mental Health:			
Supportive Housing Program	14.235	--	285,513
Shelter Plus Care	14.238	--	108,551
Total U.S. Department of Housing and Urban Development			2,658,070

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PLACER, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Bureau of Land Management</u>			
Passed through State Department of the Interior:			
Secure Rural Schools and Community Self-Determination	15.234	HR2389	<u>143,694</u>
<u>U.S. Department of Justice</u>			
Direct:			
Public Safety Partnership and Community Policing Grants	16.710	2004CKWX0050	32,423
Public Safety Partnership and Community Policing Grants	16.710	2005CKWX0065	373,000
Public Safety Partnership and Community Policing Grants	16.710	2006CKWX0293	151,000
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0290	<u>1,590,010</u>
Subtotal			<u>2,146,433</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005DJBX1470	<u>12,065</u>
Cannabis Eradication	16.unknown	2009-36	<u>15,480</u>
Direct subtotal			<u>2,173,978</u>
Passed through California Emergency Management Agency:			
Crime Victim Assistance:			
Victim Witness	16.575	VW08260310	71,189
Special Emphasis Victim Assistance Program	16.575	SE08110310	<u>93,500</u>
Subtotal			<u>164,689</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC08190310	<u>184,170</u>
Passed through subtotal			<u>348,859</u>
Total U.S. Department of Justice			<u>2,522,837</u>
<u>U.S. Department of Transportation</u>			
Direct:			
Federal Transit - Capital Investment Grants (Section 5309)	20.500	CA-03-0652	150,295
Federal Transit - Formula Grants (Section 5307)	20.507	CA-90-Y499	<u>601,500</u>
Subtotal - FTA Cluster			<u>751,795</u>
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	--	6,711,108
Highway Planning and Construction	20.205	CML-5919(048)	<u>1,844</u>
Subtotal			<u>6,712,952</u>
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	648152	151,726
Formula Grants for Other than Urbanized Areas (Section 5311)	20.509	648153	<u>49,241</u>
Subtotal			<u>200,967</u>
Passed through State Office of Traffic Safety:			
State and Community Highway Safety	20.600	AI.0962	<u>46,448</u>
Passed through subtotal			<u>6,960,367</u>
Total U.S. Department of Transportation			<u>7,712,162</u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PLACER, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Environmental Protection Agency</u>			
Direct:			
Water Infrastructure	66.606	XP-98968901	<u>178,876</u>
<u>U.S. Department of Energy</u>			
Direct:			
Regional Biomass Energy Programs	81.079	DE-FG36-08GO88026	<u>79,744</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Alcohol and Drug Programs:			
Special Education - Grants to States	84.027	04-14468-1031-01	<u>731,848</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	SDF 03-10	<u>187,361</u>
Total U.S. Department of Education			<u>919,209</u>
<u>U.S. Department of Health and Human Services</u>			
Direct:			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	5U79 SM57070-02	<u>1,178,228</u>
Health Care and Other Facilities	93.887	C76HF00523	<u>41,351</u>
Direct subtotal			<u>1,219,579</u>
Passed through California Family Health Council:			
Family Planning Services	93.217	--	<u>118,717</u>
Passed through State Department of Social Services:			
Child Welfare Services - State Grants	93.645	--	<u>295,706</u>
Temporary Assistance for Needy Families (TANF) - Admin	93.558	--	<u>9,675,710</u>
Temporary Assistance for Needy Families (TANF) - Direct	93.558	--	<u>5,558,169</u>
Subtotal			<u>15,233,879</u>
Foster Care (Title IV-E) - Administration	93.658	--	<u>3,756,477</u>
Foster Care (Title IV-E) - Direct	93.658	--	<u>1,210,075</u>
ARRA - Foster Care (Title IV-E) - Direct	93.658	--	<u>74,822</u>
Subtotal			<u>5,041,374</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	--	<u>5,691</u>
Promoting Safe and Stable Families	93.556	--	<u>108,773</u>
Child Support Enforcement (Title IV-D)	93.563	--	<u>3,498,685</u>
ARRA - Child Support Enforcement (Title IV-D)	93.563	--	<u>558,995</u>
Subtotal			<u>4,057,680</u>
Adoption Assistance - Administration	93.659	--	<u>166,829</u>
Adoption Assistance - Direct	93.659	--	<u>1,832,176</u>
ARRA - Adoption Assistance	93.659	--	<u>130,729</u>
Subtotal			<u>2,129,734</u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PLACER, CALIFORNIA
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services (Continued)</u>			
Social Services Block Grant	93.667	--	<u>911,390</u>
Chafee Foster Care Independence Program	93.674	--	<u>116,667</u>
Passed through State Department of Community Services			
Community Services Block Grant	93.569	08F-4932	<u>204,751</u>
Passed through State Department of Alcohol and Drug Program:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	<u>1,405,330</u>
Passed through State Department of Aging:			
Special Programs for the Aging Title III, Part D, Disease Prevention and Health Promotion Services	93.043	40-23-31-07	<u>25,000</u>
Passed through State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	--	<u>688,358</u>
Passed through State Department of Health Services:			
Projects for Assistance in Transition from Homelessness	93.150	--	<u>36,350</u>
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	--	<u>8,903</u>
Medical Assistance Program - Administration	93.778	--	<u>5,505,518</u>
Maternal and Child Health Service Block Grant to the States	93.994	--	<u>543,892</u>
Adolescent Family Life Demonstration Projects	93.995	--	<u>198,165</u>
Bioterrorism Training and Curriculum Development Program	93.996	--	<u>808,753</u>
Passed through State Office of Aids to the County of Sacramento:			
HIV Care Formula Grants	93.917	7276-07/10-706	<u>151,479</u>
Passed through subtotal			<u>37,596,110</u>
Total U.S. Department of Health and Human Services			<u>38,815,689</u>
<u>U.S. Department of Homeland Security</u>			
Passed through California Emergency Management Agency:			
Pre-Disaster Mitigation Competitive Program	97.017	2005-0011	<u>71,457</u>
Emergency Management Performance Grants	97.042	EMF-2008-GR	<u>67,673</u>
State Homeland Security Program (SHSP)	97.073	2008-076	<u>99,517</u>
State Homeland Security Program (SHSP)	97.073	2007-008	<u>34,951</u>
Subtotal			<u>134,468</u>
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	2007-008	<u>76,877</u>
Total U.S. Department of Homeland Security			<u>350,475</u>
Total Expenditures of Federal Awards			<u>\$ 76,084,546</u>

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PLACER, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2009

Note 1: Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the County of Placer (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA. Expenditures funded by the American Recovery and Reinvestment Act of 2009 are denoted by the prefix "ARRA" in the federal program title.

Note 2: Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for program expenditures accounted for in governmental funds and the accrual basis of accounting for expenditures accounted for in proprietary funds, as described in Note 1 of the County's basic financial statements.

Note 3: Relationship to Financial Statements

Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the County's basic financial statements.

Note 4: Catalog of Federal Domestic Assistance (CFDA)

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 5: Pass-Through Entities' Identifying Number

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

Note 6: Supplemental Nutrition Assistance Program

Supplemental Nutrition Assistance benefits valued at \$16,065,657 were issued and distributed in the County for the fiscal year ended June 30, 2009. This amount is for informational purposes only as the receipts and issuance of supplemental nutrition assistance benefits are not recorded in the County's financial statements.

COUNTY OF PLACER, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards (Continued) For the Fiscal Year Ended June 30, 2009

Note 7: California Emergency Management Agency (CalEMA) Grants

The following represents expenditures for the CalEMA programs for the fiscal year ended June 30, 2009. The amount reported in the SEFA is determined by calculating the federal portion of the current year expenditures.

Program	Total	Expenditures Incurred		
		For the Fiscal Year Ended June 30, 2009		
		Federal Share	State Share	County Share
<u>DC08190310 - Anti-Drug Enforcement</u>				
Personal services	\$ 145,101	\$ 145,101	\$ -	\$ -
Operating expenses	39,069	39,069	-	-
Totals	<u>\$ 184,170</u>	<u>\$ 184,170</u>	<u>\$ -</u>	<u>\$ -</u>
<u>SE08110310 - Special Emphasis Victim Assistance</u>				
Personal services	<u>\$ 116,875</u>	<u>\$ 93,500</u>	<u>\$ -</u>	<u>\$ 23,375</u>
<u>VB08060310 - Vertical Prosecution</u>				
Personal services	<u>\$ 133,473</u>	<u>\$ -</u>	<u>\$ 133,473</u>	<u>\$ -</u>
<u>VW08260310 - Victim Witness Assistance</u>				
Personal services	<u>\$ 176,212</u>	<u>\$ 71,189</u>	<u>\$ 105,023</u>	<u>\$ -</u>

COUNTY OF PLACER, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards (Continued) For the Fiscal Year Ended June 30, 2009

Note 8: Community Services Block Grant – CSD Contract No.08F-4932

The following represents revenues and expenditures for the CSD contract number 08F-4932 for the fiscal year ended June 30, 2009.

	Actual			
	July 1, 2008 through December 31, 2008	January 1, 2009 through June 30, 2009	Totals	Total Budget
<u>Revenue</u>				
Grant Revenue	\$ 62,573	\$ 142,178	\$ 204,751	\$ 243,054
<u>Expenditures</u>				
Personnel Costs:				
Salaries and wages	\$ 10,961	\$ 13,966	\$ 24,927	\$ 31,542
Fringe benefits	4,507	7,029	11,536	14,650
Total Personnel Costs	15,468	20,995	36,463	46,192
Non-Personnel Costs:				
Operating expenses and supplies	4,221	4,873	9,094	16,365
Subcontractors	42,884	116,310	159,194	180,497
Total Non-Personnel Costs	47,105	121,183	168,288	196,862
Total Costs	\$ 62,573	\$ 142,178	\$ 204,751	\$ 243,054

COUNTY OF PLACER, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards (Continued) For the Fiscal Year Ended June 30, 2009

Note 9: Subrecipients

Of the federal expenditures presented in the SEFA, the County provided federal awards to the following subrecipients:

CFDA Number	Program Name	Amount
93.917	HIV Care Formula Grants	\$ 151,479
14.241	Housing Opportunities for Persons with AIDS	38,861
93.569	Community Services Block Grant	142,453
97.073	State Homeland Security Program	25,817
	Total	<u>\$ 358,610</u>

Note 10: Placer County Family Connections

Placer County Family Connections is a foster family agency (FFA) program that is administered by the County Department of Health and Human Services. The State Department of Social Services has approved Placer County Family Connections as a foster family agency and their program number is 317000060. The Total Program Cost Display schedule (FCR 12FFA) is presented on the following page in the form prescribed by the State Department of Social Services. This schedule includes only those allowable expenditures attributable to the FFA program, which receives an AFDC – Foster Care rate.

COUNTY OF PLACER, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2009

Note 10: Placer County Family Connections (continued)

State of California - Health and Welfare Agency

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)

SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period twelve

CORPORATE/LICENSEE NAME		CORPORATE NUMBER	CORPORATE NUMBER	Program Number	PROGRAM FISCAL YEAR		
Placer County Family Connections		(IF DIFFERENT)		317000060	07/08 - 06/09		
Line	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Line Items of Cost	Total (Sum of Cols. 3 Thru 6)	Administration	Recruitment	Training	Social Work	Explanation
100a	Administration Payroll - Executive Director	\$ -	\$ -				
100b	Administration Payroll - Assistant Director	-	-				
100c	Administration Payroll - Administrator	36,879	36,879				
100d	Administration Payroll - All other	92,748	92,748				
101	Recruitment payroll	37,470		\$ 37,470			
102	Training Payroll	39,961			\$ 39,961		
110	Administrative Contracts	37,079	23,213	6,710	7,156		
121	Telephone and Telegraph	6,791	2,038	589	628	\$ 3,536	
122	Postage and Freight	558	167	48	52	291	
123	Office Supplies	1,760	528	153	163	916	
132	Conferences, Meetings, In-Service Training	-	-	-	-	-	
133	Memberships, Subscriptions, Dues	1,585	476	137	147	825	
134	Printing, Publications	2,402	721	208	222	1,251	
135	Bonding, General Insurance	1,663	499	144	154	866	
137	Advertising	-	-	-	-	-	
138	Miscellaneous	20,346	6,106	1,765	1,882	10,593	Includes retiree health, service award, emp assistance costs, Temp svcs
200	Building and Equipment Payroll	-	-	-	-	-	
211	Building Rents and Leases	12,603	3,782	1,093	1,166	6,562	
214	Acquisition Mortgage Principal & Interest	-	-	-	-	-	
215	Property Appraisal Fees	-	-	-	-	-	
216	Property Taxes	-	-	-	-	-	
217	Building and Equipment Insurance	-	-	-	-	-	
221	Utilities	487	146	42	45	254	
222	Building Maintenance	1,602	481	139	148	834	
223	Building and Equipment Contracts	1,520	456	132	141	791	
224	Building and Equipment Supplies	-	-	-	-	-	
225	Equipment Leases	-	-	-	-	-	
226	Equipment Depreciation Expense	-	-	-	-	-	
227	Expendable Equipment	84	25	7	8	44	
228	Building and Equipment Miscellaneous	-	-	-	-	-	
241	Vehicle Leases	-	-	-	-	-	
242	Vehicle Depreciation	-	-	-	-	-	
243	Vehicle Operating Costs	3,104	932	269	287	1,616	
350	Total Paid to Certified Family Homes	256,097	-	-	-	-	
332	Other Child-Related Costs, Not Provided by CFH's	4,399	-	-	-	-	
410	Social Worker Payroll of Contract	224,882	-	-	-	224,882	
440	Direct Care Contracts	-	-	-	-	-	
500	Total Expenses	\$ 784,020	\$ 169,197	\$ 48,906	\$ 52,160	\$ 253,261	



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

Board of Supervisors and Grand Jury
County of Placer
Auburn, California

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Placer, California (the County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 23, 2009. Our report included an explanatory paragraph describing the implementation of a new governmental accounting standard, which was effective July 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described as items #2009-01 and #2009-02 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of Supervisors, Audit Committee, Grand Jury, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maclean Hini & O'Connell LLP

Certified Public Accountants

Sacramento, California
December 23, 2009



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SACRAMENTO
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

Board of Supervisors and Grand Jury
County of Placer
Auburn, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL
CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the County of Placer, California (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulation, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 23, 2009. Our report contained an explanatory paragraph describing the County's implementation of a new governmental accounting standard, which was effective July 1, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Board of Supervisors, Audit Committee, Grand Jury, others within the entity, and federal awarding agencies and pass-through entities and not intended to be and should not be used by anyone other than these specified parties.

Macian Mini & O'Connell LLP

Certified Public Accountants

Sacramento, California

March 29, 2010, except for
the Schedule of Expenditures
of Federal Awards as to which
the date is December 23, 2009

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2009

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>Program Title</u>	<u>CFDA Number</u>
Rural Development, Forestry and Communities	10.672
Public Safety Partnership and Community Policing Grants	16.710
Highway Planning and Construction	20.205
Child Support Enforcement	93.563
Adoption Assistance	93.659
Medical Assistance Program	93.778

COUNTY OF PLACER, CALIFORNIA

Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2009

Section I – Summary of Auditor’s Results (continued)

Dollar threshold used to distinguish between Type A and Type B programs:	\$2,282,536
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Item #2009-1 – Capital Assets: Construction in Progress

Criteria:

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition:

During our audit we noted that the County did not properly identify and transfer the costs of capital projects from construction in progress to a depreciable asset at the time of the projects completion or when the asset was placed in service.

Cause:

For financial reporting purposes, the County currently disseminates construction in progress worksheets to the various County departments responsible for project management and oversight, for identifying complete projects. The worksheets identify cumulative capitalized project expenditures, current year expenditures, capitalized construction in progress costs at the end of the fiscal year, and an indication of the projects status. Although the County has established a process for determining completed capital projects and tracking project costs for financial reporting purposes by preparing and utilizing a supporting capital projects schedule, due to the lack of a formalized review and monitoring process, the County did not properly identify and transfer completed projects to a depreciable asset during the year ended June 30, 2009.

Effect:

As a result of the County not transferring completed projects to a depreciable asset on a timely basis, when the asset was placed in service, the County was not properly presenting and classifying its capital assets and depreciation expense was not being properly calculated.

COUNTY OF PLACER

Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2009

Section II – Financial Statement Findings (continued)

Recommendation:

We recommend that policies and procedures be implemented to ensure that the County's detail capital projects schedule is reviewed annually by the respective project managers, to determine which projects were completed so capitalized construction in progress costs can be transferred and recorded as a depreciable asset. Construction in progress costs should be transferred to a depreciable asset when the project is complete and has been placed in service. Furthermore, during the County's financial reporting process, responsible County personnel should review and approve the supporting capital projects schedule to ensure that completed projects have been transferred and recorded as a depreciable asset.

Management's View and Corrective Action:

We agree with this finding. A new procedure has been implemented which will require to review construction in progress schedules and indicate which projects are essentially complete. In addition, procedures have been put in place to ensure capitalized construction in progress costs are transferred and recorded as a depreciable asset when projects are complete and placed in service.

Item: #2009-02 - Preparation of the Schedule of Expenditures of Federal Awards (SEFA)**Criteria:**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Subpart C, section .300(d) of Office of Management and Budget (OMB) Circular A-133, *Audits, of States, Local Governments, and Non-Profit Organizations*, "the auditee shall prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with section .310."

Section 310 (b)(3) "The schedule of expenditures of Federal awards shall provide total Federal awards expended for each individual Federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available."

COUNTY OF PLACER

Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2009

Section II – Financial Statement Findings (continued)

Condition:

While conducting our audit of the County's financial statements and testing of the SEFA, we noted that the County did not correctly identify and report the appropriate Federal program titles commensurate with the assigned Federal CFDA numbers, as well as inaccurately reporting federal program expenditures. As an example, the County reported CFDA 10.672 as the Schools and Roads – Grants to Counties Federal program, whereas the Federal program title is the Rural Development, Forestry, and Communities program. Also, during our testing of the SEFA, we identified that the Medical Assistance Program (CFDA 93.778) expenditures were underreported on the SEFA because the County did not appropriately include all of the programs federally funded expenditures. On a quarterly basis, the County prepares the Expenditure Certification for the County Welfare Department Expense Claim (CEC) report, which summarizes and reports to the State of California quarterly expenditures incurred for the administration of various welfare programs. The CEC also identifies the funding source (i.e. Federal, State, County, and Department of Health Services) for the administrative expenditures reported on the CEC. After inquiry, the County determined that the Department of Health Services (DHS) funding represents 50% Federal and 50% State funding. Previously, the County was not including the 50% federal portion of the DHS funding, and therefore, was underreporting the Medical Assistance Program expenditures.

During our payroll testing for the Medical Assistance Program, we identified that improper time study hours were reported on the County's first quarter CEC report. Based upon the time study results there were 12,502 allocable hours, however, only 10,302 hours were reported on the original submitted claim.

Cause:

Based upon our observations, it appears that the incorrect identification and reporting of the Federal program titles and CFDA numbers was due to the lack of an annual independent verification and validation. The exclusion of the 50% federal portion of DHS funding was because of a lack of awareness regarding the specific funding sources of the expenditures reported in the CEC. The incorrect reporting of the allocable hours was an oversight during the preparation and review of the quarterly CEC report.

Effect:

The County exposes itself to the risk of inaccurately preparing the SEFA in accordance with the requirements of OMB Circular A-133 and not properly including all federal program expenditures that could result not properly identifying major programs.

The County identified the underreporting of the time study hours and submitted a revised claim per the time frame allowed by the State, which did not result in noncompliance. However, during the preparation of the SEFA, the original CEC report was used in the compilation of the SEFA, and resulted in the incorrect reporting of expenditures.

COUNTY OF PLACER

Schedule of Findings and Questioned Costs (Continued) For the Fiscal Year Ended June 30, 2009

Section II – Financial Statement Findings (continued)

Questioned Costs:

None

Recommendation:

During the compilation of the County's SEFA, we recommend that the Auditor-Controller's Office require departments to submit underlying supporting documentation that substantiates each federal program's expenditures reported on the SEFA. Furthermore, the Auditor's Controller's Office should thoroughly review the appropriateness of the supporting documentation to ensure the completeness and accuracy of the reported expenditures and perform a comparison between the current year and prior year expenditures to identify any potential errors. The County should also verify each federal programs title and CFDA number during the compilation of the SEFA.

Management View and Corrective Actions:

We agree with this finding. In the future, departments will be required to submit supporting documentation to substantiate program expenditures. Procedures within the Auditor-Controller's Office have been amended to ensure the completeness and accuracy of the reported expenditures, as well as the federal program title and CFDA number during the compilation of the SEFA.

Section III – Federal Awards Findings and Questioned Costs

None

COUNTY OF PLACER

Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2009

Item 2008-02 – Food Stamps – Special Tests and Provisions

Audit Finding:

- Three case files out of twenty-five examined were missing the SAWS2 document.
- One case file out of twenty-five examined did not contain a signed statement of facts.
- Once case file out of twenty-five examined did not contain a statement of facts.
- One case file out of twenty-five examined did not contain the SAWS1 for the period being tested.
- One case file out of twenty-five examined was not cut off when the recertification process was not completed.

Status of Corrective Action:

With the redirection of workload and staffing, as well as changing of the intake clearance checklist and supervisors monthly review of a sample of cases, case file documentation appears to have been corrected.